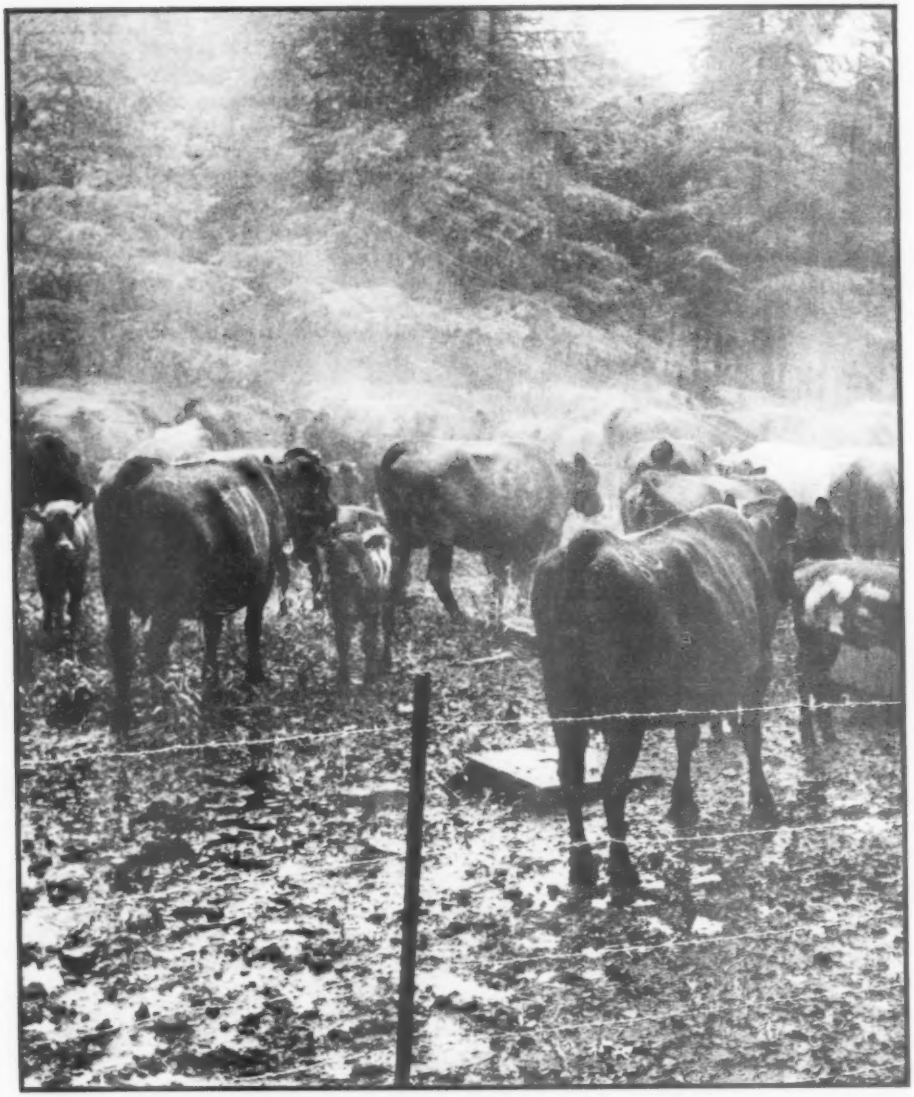
1727

Foreign Agriculture

November 6, 1978

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE



2 Changing Conditions in Egypt Ensure Role As Major U.S. Farm Market

5 Most of South Africa's Pineapples Go Into Export

6 New USFGC Feed Program in Japan for Wagyus

8 Central American Grain Prospects Bright Thus Far in 1978

10 Philippine Copra Output High, But Below 1976's

Japanese Wagyu cattle, a native breed, in winter pasture.

Changing Conditions in Egypt Ensure Role as Major U.S. Farm Market

By John B. Parker, Jr.

The United States is an important supplier of farm products to Egypt and many changes taking place there seem to ensure the continuance of the United States role. Egypt's import-export policies are being liberalized, consumers are becoming more catholic in their tastes, and infusion of funds from other Arab countries are helping to provide the resources to make food and agricultural purchases.

Egypt, already a major market for U.S. farm products, undoubtedly will continue in this role as its import-export policies, initiated in recent years, begin to take full effect, and consumers, benefiting from a stronger economy, start to spend more of their incomes for imported foods. Social changes also are causing a rise in food imports.

Egypt is the leading Arab market for U.S. agricultural products and also is this country's top Mideastern market for a sizable list of commodities, including wheat and wheat flour, corn, tallow, tobacco, soybean meal, and frozen poultry.

Egypt was the 11th most important market for U.S. farm products in 1977—up from 15th place in 1976. This move put Egypt ahead of India, France, Belgium, and Poland, countries that had preceded Egypt in 1976.

In 1978, Egypt is expected to stay in the same relative position as an importer of U.S. farm products.

Taking a record $540 million worth of U.S. agricultural exports in 1977, 19 percent more than the record of $453.6 million set in 1976, Egypt is expected to reach a new high of $650 million in 1978. This compares with only $43.6 million as recently as 1972. Larger sales of cotton, grains, cottonseed oil, and tobacco provided most of the U.S. gain between 1976 and 1977, and may account for a large share of the 1978 rise.

Egypt's imports of agricultural commodities from all sources are likely to reach $2 billion in 1978—up from $1.8 billion in 1977 and $1.5 billion in 1975. The U.S. share of Egypt's 1978 agricultural imports is expected to rise from about 30 percent in 1977 to nearly 33 percent. The U.S. share of all imports is expected to be 20 percent of the total.

Reduced competition from Australia and Latin America will help make possible this 3 percent gain, although larger European Community (EC) deliveries of wheat flour and dairy products are likely. U.S. exports of cereals and wheat flour to Egypt in the current year might reach 3 million tons.

In the past, U.S. Government programs have financed a sizable share of U.S. food exports to Egypt, but it is likely the future will see a larger share of these purchases being made through commercial channels.

Egypt's dependence on imported farm products is extraordinarily strong. Over 90 percent of the bread baked in Cairo and Alexandria in 1977 was made of imported flour or of flour ground from imported wheat. Between 1971 and 1976, almost 40 percent of the grain consumed in Egypt was imported, along with half of its vegetable oil, and all of its tobacco, tea, coffee, rubber, and jute.

Before 1973, Egypt's policymakers put obstacles in the way of Egyptian tradesmen trying to import some commodities such as cotton and rice—both of which are grown in Egypt. Other barriers to trade were restrictive laws and complex foreign exchange regulations that hampered private transactions. But at present, a more relaxed policy allows sizable imports of processed foods and other farm products for

The author is an agricultural economist, Foreign Demand and Competition Division; Economics, Statistics, and Cooperatives Service.

the tourist trade, as well as large purchases of bulk commodities.

Foreign exchange earned by Egyptians in other countries can now be used to import food products into Egypt. Previously a series of regulations hampered such purchases.

This change in policy has sparked a boom in the export of new U.S. farm products to Egypt ranging from apples to almonds. The Ministry of Supply continues to control imports of basic foods and the Ministry of Industry controls those of raw materials for manufacture.

In addition to these policy changes, increased amounts of foreign exchange available from OPEC (Organization of Petroleum Exporting Countries) and other sources have helped Egypt increase its food imports.

Over 1 million Egyptians now work in OPEC countries and send back to Egypt over $600 million annually. This capital inflow is the result of changes in Egypt's banking policies that provide incentive to send money home.

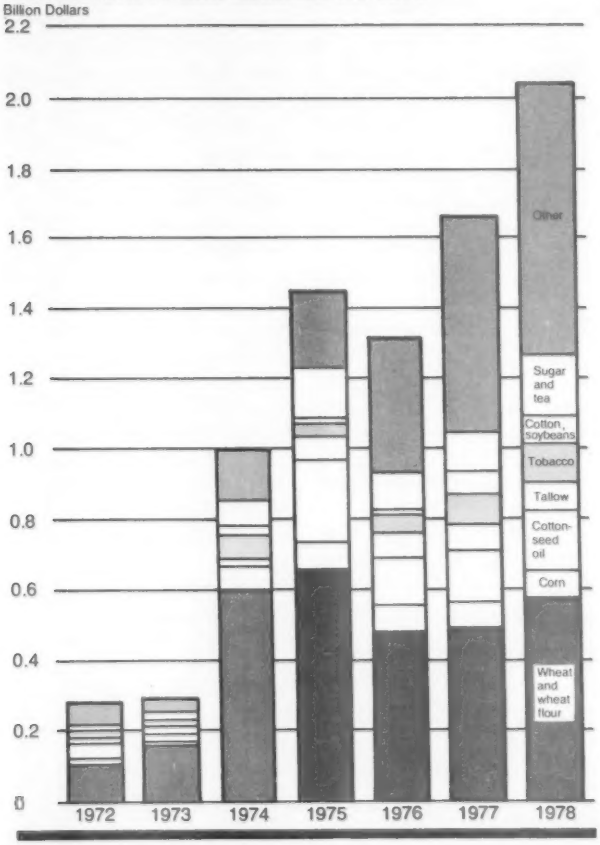
OPEC itself has made loans and grants to Egypt in recent years totaling $2 billion annually. Loans also have been made to Egypt to finance imports and development projects through the Gulf Organization for Development of Egypt (GODE) from funds provided by Kuwait, Saudi Arabia, Qatar, and the United Arab Emirates. Iran has a separate program to assist Egypt's development, which provides over $300 million annually.

With the reopening of the Suez Canal, the inauguration of petroleum flows through the recently constructed Sumed pipeline, and the strong influx of tourists, larger amounts of foreign exchange have become available. In 1978, all of these factors are expected to remain strong, while exports of petroleum are expected to increase as wells in the Sinai Desert, and along the Gulf of Suez raise their output.

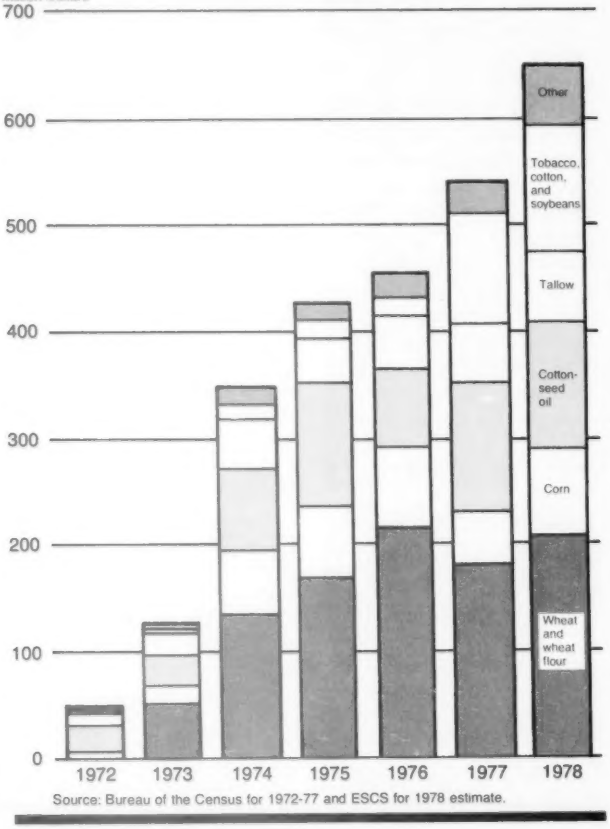
Egyptian exports of petroleum and products have risen from $134 million in 1975 to $381 million in 1976 and to $721 million in 1977. The value of these exports is expected to climb to about $1 billion in 1978. By volume, Egypt's petroleum output reached 21 million tons during 1977, and is expected to reach about 26 million tons in 1978.

The movement to the city by Egyptian farmers and loss of cropland to urban uses means a loss in production that must be compensated for from some other source—and importing seems to be the best way to make up the deficit. Farmers remaining on the land prefer to raise high-value crops for the domestic market that bring immediate cash returns, rather than those ordained by the

Egypt: Imports of Farm Products, Annual 1972-77 and Estimate for 1978



U.S. Agricultural Exports to Egypt, Annual 1972-77 and Estimate for 1978



Source: Bureau of the Census for 1972-77 and ESCS for 1978 estimate.

Government for which payment is sometimes delayed.

For example, growers want the large and immediate profits from producing vegetables for nearby city dwellers rather than the deferred payments for growing wheat or corn, produced under the Government's allocation system.

The urban population is seen rising from 17 million in 1978 to about 20 million by 1980 as part of an overall 2-percent annual growth to 42 million for all of Egypt. To house this increase, developments are springing up near Cairo, along the Mediterranean, and in the Suez Canal area.

Some 14,000 hectares of farmland were converted to urban and industry uses each year between 1974 and 1977. But since the financial gain by industry was greater than the loss to the agricultural sector, there are those who say it was a change for the better.

Yields for most of Egypt's crops are high, yet total production can be increased very little because all farmland is now in use. Furthermore, it takes many years and large sums of money to convert sterile desertland to productive farmland. The inhabited area of Egypt is about the size of Maryland, but Egypt's desert regions are about 35 times the size of Maryland. So the desert is there to be converted into farmland, but the wealth to make the conversion is lacking.

Maintaining relatively low, subsidized food prices for urban consumers has top priority with the Egyptian Government. Financing for this program comes from monies received from tobacco import duties and cotton exports. Under this scheme, which cost more than $1.2 billion annually during each of the past 3 years, bread can be bought for about 5 U.S. cents per kilogram at retail shops and from street vendors.

The cost to the retail customer is less than a third that paid by the Ministry of Supply to buy the wheat and/or flour and to finance distribution. The program helps provide over 2,700 calories a day per person, but is largely based on foreign grains.

Egypt's imports of wheat and flour combined (in wheat equivalent) were 4.35 million tons in 1977/78 (July-June), up from about 3.88 million tons in 1976/77. They are expected to reach 4.6 million tons in 1978/79. Much of the 1978/79 increase is likely to come from the United States.

Although faced with strong competition from Australia (1.25 million tons of wheat shipped to Egypt in 1977/78), Canada, (550,000 tons) and Argentina (50,000 tons), the United States exported 1.5 million tons in 1976/77 and 1.4 million in 1977/78. However, lower prices brought the value of U.S. shipments down from $169 million in 1976 to $133 million in 1977.

In 1977, wheat and wheat flour combined accounted for 24.6 percent by value of all U.S. agricultural exports to Egypt, down from 39 percent in 1974. Even with this drop, Egypt still stood fourth last year as a world market for U.S. wheat and wheat flour, after the Soviet Union, Japan, and South Korea.

Total wheat flour imports reached 706,000 tons in 1977/78, and might reach 800,000 tons in 1978/79.

Commercial purchases accounted for over $200 million of U.S. agricultural exports to Egypt in 1976 and again in 1977. Most of the 1977 transactions were P.L. 480, Title I, purchases of wheat and wheat flour. In addition, the Agency for International Development (AID) financed purchases of commodities that rose in value from $35.8 million in 1976 to about $100 million in 1977.

Egypt's corn crop remained steady at 2.7 million tons in 1976 and 1977, but U.S. exports of corn to Egypt rose from 557,000 tons in 1976/77 to 655,000 tons in 1977/78.

In 1978/79, U.S. corn exports to Egypt are expected to surpass 700,000 tons.

Egypt's programs to foster rapid growth of industrial output depend on imports of U.S. cotton, tallow, tobacco, and other farm products.

Planners in Cairo have since 1977 pushed a plan to import U.S. short-staple cotton and to export Egypt's costly extra-long staple cotton to bring in foreign exchange.

The contribution to the gross national product (GNP) from 1 hectare of cotton is in the vicinity of $2,500 annually, about five times the value of wheat or corn grown on the same land. As a result, it would appear to be profitable to shift some land from wheat and corn—grown for domestic consumption—to cotton—an export crop—and pulses and vegetables.

The plan did not work during the first year, however, since severe insect damage reduced yields of cotton in 1977, particularly on farms lying to the south of Cairo.

Cotton area was increased by 14 percent in 1977, and production rose from 1.82 million bales to 1.83 million in 1977, a year in which Egypt bought about 110,000 bales of U.S. cotton valued at $46 million. Purchases of U.S. cotton in 1978 totaled 59,000 bales through August; further sales depend on availability of financing.

Rapid expansion in Egypt's output of textiles, soap, cigarettes, and other items has created greater demand for U.S. farm products.

Egypt's soap industry gets most of its tallow from the United States. Although demand for Egyptian soap is soaring on both the domestic and export markets, U.S. exports of tallow to Egypt declined from 127,500 tons in 1976 to 113,400 tons in 1977. However, value rose from $51 million to $54 million. A strong rise in sales of U.S. tallow to Egypt is expected in 1978.

Egyptians prefer cigarette brands containing a high percentage of U.S. flue-cured and burley tobacco. As a result, imports of cigarettes from the United States and Europe rose sharply to about 2 billion pieces in 1977. Total cigarette output in Egypt rose from 22 billion pieces in 1976 to 25 billion in 1977, but imports and domestic production combined are insufficient to meet the demand.

U.S. tobacco exports to Egypt jumped from 5,044 tons in 1976 to a record 12,119 tons in 1977, and value soared from $17.6 million to $43.8 million. Larger imports of U.S. tobacco to some extent substitued for smaller purchases from Eastern Europe, India, Iraq, and southern Africa. Egypt's total imports of leaf tobacco increased from about 26,000 tons in 1976 to nearly 29,000 tons in 1977.

U.S. exports of tobacco to Egypt should show another increase in 1978, but financing of such purchases must still be worked out. In view of the importance of tobacco import duties in financing Egypt's subsidized food program, large cash purchases may occur. □

Most of South Africa's Pineapples Go Into Export

With production remaining fairly stable throughout the seventies, most of South Africa's pineapple crop flows to canneries for eventual export, a large part of which is shipped to Western Europe. South Africa is the largest producer of canned pineapple in the Southern Hemisphere and second to the Ivory Coast on the African Continent.

South Africa's pineapple industry, employing up-to-date cultural practices and processing methods, is concentrated in a narrow ribbon of land along the southeastern coast on the Indian Ocean.

About three-fourths of the country's annual harvest goes to canners. Nearly 90 percent of the canned pineapple outturn enters export channels—of which almost one-third is destined for the United Kingdom, according to a report from James O. Howard, U.S. Agricultural Attaché in Pretoria.

However, in terms of processing capacity, South Africa's pineapple industry remains static. There have been no recent changes in the number of processing plants or size of facilities, although processing operations are being continuously modernized.

For the past five seasons, South African pineapple production has averaged about 182,000 metric tons, of which an average of about 134,000 tons were used for canning. Moreover, the canners' intake has averaged 74.6 percent of the national crop for the past 7 years. Production in the seventies has ranged from a high of 193,900 tons in the 1973/74 season (July-June) to a low of 158,825 tons in 1976/77, the latest year of available data.

The canners' intake has generally followed the same pattern—from a high of 143,527 tons in 1973/74 to a low of 127,429 tons in 1976/77. The remainder of the crop is sold fresh.

More than 90 percent of South Africa's pineapple production is located within a 40-kilometer-wide coastal strip of land stretching roughly 160 kilometers on each side of the city of East London. About 20 percent of the country's output is now grown in the Ciskei, one of South Africa's Black homelands.

There is a small producing area in the Zululand section of the Natal Province, and a small amount of pineapple is grown—for the fresh market only—in the eastern Transvaal. South Africa's pineapples are handled by five canneries in the East London area and one in Zululand.

The country's canned pineapple production has averaged about 2.5 million standard cases (20.41 kilograms each) over the last 4 years. During this period, an average of 2.2 million cases has been exported yearly, with an average of 715,000 cases being shipped to the United Kingdom, the main overseas market.

(U.S. imports of South African canned pineapple totaled 2,757 tons in 1977 and 2,794 tons in 1976, making South Africa the seventh top supplier of the United States, but ranking far below the leading suppliers—the Philippines, Thailand, Mexico, and Taiwan.)

The two pineapple cultivars grown commercially in South Africa are the Cayenne and the Queen. More than 90 percent of the eastern Cape plantings consist of the Cayenne variety, used mainly for canning. The fruit is large (averaging 1.8 kilograms) and the flesh is soft, juicy, and pale yellow.

However, the Cayenne has a higher acid content than the Queen and does not keep as well. The Queen is smaller, averaging about 1 kilogram, but the flesh is firm, relatively dry, sweet, and has a golden color, making it popular for fresh fruit consumption.

South Africa's modern production methods include both flower induction (artificial forcing or hormoning) and ripening agents. Pineapples are grown mostly under rainfall conditions and the average cycle is 5 years, excluding land preparation time.

The first crop, consisting of one fruit per plant, is usually harvested from 18 months to 2 years after planting. Yields average about 56 tons per hectare for this crop. Once the initial crop has been removed, suckers appear on the mother plant. The average number of suckers is two, with each bearing fruit. However, these fruits are smaller, so yields may be even less than the first crop. With artificial forcing, this second crop (called the first ratoon crop) can be harvested in about 18 months.

If the plantation is still in good condition with healthy suckers, the grower may decide in favor of a third crop to be picked in another 18 months. But, the average yield will drop off markedly to around 33 tons per hectare. □

India Has Record Sugar Harvest

India's sugar production for 1977/78 (October-September) is estimated at a record 7 million metric tons, 16 percent higher than the previous year's output, according to Ivan E. Johnson, U.S. Agricultural Attaché in New Delhi. Given a favorable monsoon season, the 1978/79 crop could also reach or approach bumper-crop magnitude.

India has contracted during the 1977/78 year for export of about 550,000 tons of sugar under the 650,000-ton quota authorized by the International Sugar Agreement. However, filling the quota may be difficult in view of high world stocks and relatively low prices.

The unprecedented glut of sugar in India is causing official concern, and the Government is considering creation of a buffer stock of about 1 million tons. However, such a move would extend to the Government the acute storage problem already being experienced by the industry. Sugar stocks on June 30, 1978, were 4.55 million tons, compared with 2.5 million tons a year earlier.

India's sugarcane area for 1977/78 is estimated at 3,039,000 hectares, compared with 2,872,000 hectares in the previous year. Area for 1978/79 is expected to be about the same as for 1977/78, despite the Government's repeated appeals to reduce area. □

USFGC Plans New Feed Program In Japan for Wagyu Cattle

Japanese Holstein cattle. USFGC has been helping the country's Holstein beef industry cut feeding time and will soon start a similar program for Wagyu cattle.

The U.S. Feed Grains Council—a USDA cooperator promoting the use overseas of U.S. feedgrains—plans to phase out its successful program to help Japan's Holstein beef producers improve their feeding technology and to begin a similar program for Wagyu cattle, source of the famous Kobe beef.

The Council's current feeding plan—which has encouraged Japanese feeders of dairy steers to increase their purchases of U.S. feedgrains—has helped reduce from more than 24 months to less than 17 the time required to fatten such steers. The new program can also markedly reduce the time needed to fatten the Wagyu to slaughter weight, according to Kent M. Brady, Asian Director for USFGC, interviewed recently in Washington after 2 years in Tokyo.

USFGC programs have been prime movers in the rise in purchases of U.S. feedgrains by Japan. In 1974/75 (July-June), of the 13.1 million tons imported from all sources, 7.7 million tons came from the United States. By 1977/78, Japan's total feedgrain imports rose to about 17 million tons, while the U.S. total climbed by 2.6 million tons to 10.3 million.

"It now takes 2½ years to feed a Wagyu for slaughter," Brady said. "This long finishing time is one of the reasons beef prices are so high in Japan.

"Although the immediate objective of the new USFGC program is to help Japanese Wagyu producers reduce the time required to fatten animals for market, the program may also be able to help create impetus to lower consumer meat prices," Brady said. This, he said, would stimulate beef consumption, generating increased use of U.S. feedgrains.

"Production of Wagyu beef animals has been declining for some years," Brady noted. "Now, however, there are indications the number of Wagyu animals has stabilized and the number of cattle for slaughter probably will increase. In 1977, there were 400,000 Wagyu cattle slaughtered in Japan. The kill also included 318,000 fattened Holstein steers and 348,000 culled dairy cows—which generally are also fattened for a period of time—for a slaughter total of about 1.1 million fattened animals.

"We have introduced a number of unique procedures for feeding the Holsteins, which will be carried over to the Wagyu feeding program. One of these, flaking of corn for feed rations—as well as other innovations in the processing of feedgrains and feed formulations—has proved very effective in putting weight on the animals and significantly helped reduce the time required to bring Holsteins to market weight.

"The Holstein feeding program has been carried on rather extensively in the dairying State of Hokkaido, where we have worked almost exclusively with dairy cooperatives. Most of the private feed millers in Japan are geared principally to the needs of the poultry industry. Poultry operations—especially layer factories—tend to be integrated with these feed mills and take most of their production. The co-ops are feed producers for the cattle sector.

"In the early days of USFGC activities in Japan, the Council was actively involved in the promotion of eggs to consumers. I believe we have helped to develop a market for eggs as well as anyone could hope.

"The Japanese now have one of the world's highest per capita consumptions of table eggs. But we're no longer involved in the promotion of any product directly to the consumer. Now we work with producers—Holstein beef and milk. We believe our program can help raise output of both milk and beef.

"The Japanese consumer drinks about 50 kilograms of milk a year per capita. This is only slightly more than one-quarter of Italy's per capita intake, for instance. And it's even less than the average for Europe. So USFGC believes the growth potential for the Japanese dairy industry is very promising.

"One good reason why milk consumption is growing so slowly is that milk has always been considered a health food instead of a beverage, an attitude that severely limits milk sales.

"As a health food, milk is delivered by a man on a motorcycle or bicycle in 200-milliliter, returnable bottles—somewhat less than a pint. Of course, the cost of home-delivered milk in bottles of this kind has been high.

"Recently the situation has begun to change and milk has been introduced to

By Marcellus P. Murphy, staff writer, *Foreign Agriculture*.

consumers in liter and half-liter disposable, waxed paper containers. Milk consumption has increased and the share of milk bought in these disposable packs is also growing.

"Just last year, consumption of milk in disposable packs exceeded consumption of bottled milk for the first time. In other words, we're now seeing milk being consumed as a beverage and not solely as a health food."

Brady noted that Japanese milk output is high, but that Japanese dairy farmers could really profit by boosting the yield from each animal. Now the national average is over 5,000 kilograms of milk per lactation. But this could easily be raised by 50 percent, but to do so, dairy farmers must feed more high-energy rations to their animals—sorghum and corn, for example.

"The dairy industry supplying the Tokyo area largely depends for feed materials on food industry byproducts and certain industrial byproducts. These tend to be high in crude protein and fiber and low in energy-producing elements.

"In the United States, we measure energy rations in terms of corn-energy equivalent. On a high-performance U.S. farm—where animals have a high yield—the ratio of corn to milk is often 1 unit for each 2½ units of milk. In Japan, the national average is approximately 1 unit of corn to 8 units of milk.

"This indicates that, to make up for the small amount of corn used in the ration, the Japanese feed larger amounts of byproduct feed ingredients that provide little energy. They would do better to increase the amount of grain in the ration—or to use large quantities of other high-energy ingredients."

Brady also discussed the potential of other Asian markets by saying that "although Japan is the primary USFGC market in that part of the world, we also are interested in promoting use of U.S. feedgrains in Korea, Taiwan, Indochina, the People's Republic of China, and Mongolia.

"After Japan, perhaps Korea is the most significant growth market for U.S. feedgrains, although at present Taiwan is a larger market than Korea. Korea has twice the population of Taiwan, and although the rate of increase in the use of U.S. feedgrains is incredible in both countries—at the present time, both take about 2 million tons of U.S. feedgrains a year. We expect that in another year or so Korea will surpass Taiwan as an importer of U.S. grain.

"In Korea, the emphasis is on pork, poultry, and the dairy and beef industries. Korea is a 'young' country, so far as its dairy and beef industries are concerned, but the growth potential of its beef industry is breathtaking, particularly in view of the general preference there for beef."

Until recently, Korean beef production was able to satisfy the domestic demand. Now, demand exceeds the supply by so much that the Government is obliged to import beef—mostly from Australia, Brady commented. This causes a movement of foreign exchange out of the country so great as to cause concern to the country's economic planners.

In consequence, the country now plans to boost domestic production of beef and milk. To achieve these objectives, over the next 5 years the Government plans to import about 100,000 live cattle to upgrade the genetic base and to boost domestic cattle production. So we anticipate Korea will be a long-term market for U.S. feedgrains, Brady said.

"USFGC does not see Indochina, the People's Republic of China, or Mongolia as anything other than periodic markets for the immediate future. We think they will buy when they have crop shortages, or as their livestock industry and industrial uses of feedgrains grow. We presume they will buy corn, and, we hope, corn and sorghum—and maybe feed wheat—as market prices dictate." □

French Agents To Show U.S. Foods at SIAL

French agents for U.S. food processing firms will show their wares at the famous SIAL food show (Eighth International Food Products Exhibition), which opens November 13 in Paris and runs through the 18th. The show also includes exhibits by at least 800 French firms and a sizable number from other countries.

SIAL, one of the most important and well attended food shows in Europe, attracts exhibitors and buyers from all over the world. About 100,000 visitors make their way through the exhibits during SIAL's 6-day schedule, more than 20 percent of them coming from outside France.

Selected by the Office of the U.S. Agricultural Attaché in Paris from a large number of applicants, the six agents, who are showing U.S. foods at SIAL, import and market a wide variety of U.S. food brands. They are displaying U.S. concentrated citrus juices, canned, frozen, and dehydrated fruits and vegetables, dietetic foods, and food bases.

Also participating is the U.S. Meat Export Federation, an FAS cooperator, whose French agent is promoting various cuts of U.S. meat.

U.S. products will compete for the attention of SIAL visitors with products from about 60 other countries, ranging from Argentina and Belgium, to Kenya and Madagascar, to West Germany. Some 1,000 exhibitors are from outside the host country.

U.S. exports of agricultural products to France were valued at $465 million in fiscal 1977, compared with $458 million in fiscal 1976 and a 1961-76 average of $366 million.

Shipments of U.S. consumer products to France in 1977 totaled a record $145 million, 7.5 percent greater than the 1976 level of $135 million and almost 70 percent above the 1971-76 average.

In a recent interview with *Foreign Agriculture,* Wayne Sharp, U.S. Agricultural Attaché in Paris, said, "U.S. exporters of processed and convenience foods, in particular, would be well advised to jump into this market and capitalize on what appears to be a continuing upward trend in imports. Some of the products with the most promising prospects are frozen foods, nuts, and canned sweet corn." □

Central American Grain Prospects Bright Thus Far in 1978

Thus far into the season, prospects for 1978/79 Central American[1] grain production are good; rainfall has been adequate, compared with the dry weather of last year that reduced the 1977/78 outturn of some countries and kept the lid on sharp increases of others. The outlook for U.S. wheat exports to this region, however, continues to be bright and the United States is expected to remain the primary wheat supplier to Central America.

In **Guatemala,** the largest of the Central American grain producers, total grain output is expected to rise nearly 21 percent in 1978/79 to 1.063 million metric tons, compared with last year's drought-reduced crop of only 879,700 tons.

The largest gains will probably be seen in corn production, which is expected to rise 22 percent over last year's crop to 925,000 tons. There is a possibility that corn may reach self-sufficiency levels if production exceeds 1 million tons as estimated by some Guatemalan Government agencies.

Corn imports are likely to drop 53 percent to 60,000 tons from last year's 127,800 tons if weather approaches ideal conditions.

Final estimates of Guatemala's 1967/77 wheat production show a surprising 22.5 percent increase to 49,000 tons over year-earlier outturn. The expected drop in production as a result of lack of moisture did not materialize when sporadic, but well-timed, rains provided necessary moisture.

The good returns obtained with the 1976/77 crop spurred 1977/78 wheat plantings to 60,000 hectares for an estimated production of 58,500 tons. Both are records for Guatemala. Yields, however, were disappointingly low. The 1978/79 wheat crop is now projected at 65,000 tons, produced on 61,700 hectares.

Guatemala's 1978/79 wheat consumption requirement is forecast at 139,400 tons—an increase of 10 percent over year-earlier levels. It is now forecast that some 75,000 tons of wheat will be imported to meet domestic needs.

The shift in eating habits has reached the rural areas where rising personal income now permits a higher consumption level of bread. Wheat imports—all of U.S. origin—in 1977/78 were 68,200 tons, lower than those of a year earlier because of the record wheat crop.

Forecasts for other grain production in 1978/79 include: Sorghum up 11 percent to 55,000 tons, rice up 10 percent to 18,200 tons, and pulses up 40 percent to 80,000 tons.

As in other Central American countries, basic grain crop prospects in **El Salvador** for 1978/79 are very good. So far this year, rains have been nearly ideal and as a result, El Salvador could be self-sufficient in all grains, except wheat, for the first time in many years.

All of El Salvador's wheat is imported and is traditionally supplied by the United States. Wheat imports for 1978/79 are expected to reach 110,000 tons.

Total grain production is expected to rise 33 percent to 734,800 tons compared with last year's 552,400 tons. All grains are expected to make major gains relative to the 1977/78 level.

Corn production is expected to be 38 percent higher at 524,400 tons, sorghum outturn is expected to climb 16 percent to 174,800 tons, rice is expected to jump 65 percent to 35,600 tons, and bean production should approximate 43,200 tons—a 28 percent increase.

El Salvador should be better equipped to handle this year's grain crops since it just recently brought on stream a nationwide network of storage silos.

Prospects for **Nicaragua's** 1978/79 grain crops are generally much improved

[1] *Guatemala, El Salvador, Nicaragua, the Dominican Republic, and Costa Rica.*

Based on reports from Offices of U.S. Agricultural Attachés, in San Jose, San Salvador, Santo Domingo, and Guatemala City.

SUSTA's 1979 Show Set

Visitors at SUSTA's 1978 agricultural show in New Orleans. Some 300 foreign buyers are expected to attend the 1979 event.

over those of the past 2-3 years. Total 1978/79 grain production is forecast at 319,600 tons—17 percent greater than 1977/78's.

Production estimates in 1978/79 for grains include: Corn up 15 percent to 209,-300 tons, sorghum up 36 percent to 58,100 tons, rice up 8 percent to 52,200 tons, and beans up 13 percent to 51,200 tons.

Because of last season's drought, Nicaragua was forced to import substantial quantities of corn and sorghum, amounting to 40,000 and 15,000 tons, respectively. In 1976/77, Nicaragua imported only half that amount of corn and almost no sorghum.

Nicaragua continues to import all of its wheat from the United States. Imports for 1977/78 were placed at 55,000 tons and are projected at 62,000 tons in 1978/79.

All of the **Dominican Republic's** grain crops are expected to increase in 1978/79, with the largest gains seen in sorghum and corn production, which are forecast to rise 32 percent and 20 percent, respectively, to 25,000 tons and 42,000 tons. Rice and bean production are also expected to gain, possibly by 11 percent and 19 percent, respectively, over year-earlier levels. Rice outturn is estimated at 200,000 tons.

Corn imports in 1977/78 were up 15 percent to 90,000 tons. All corn is from the United States. The country's expanding livestock feed industry is responsible for rising demand that triggers higher imports.

As wheat is not produced in the Dominican Republic, the country's total requirement must be imported. Imports for 1977/78 are estimated at 135,000 tons—an increase of 3 percent over those of a year earlier. The United States has been the sole supplier of wheat to the Dominican Republic for many years. This year, Argentina gave the Dominican Republic a donation of 4,000 tons of Hard Winter wheat.

Costa Rica's grain production is also expected to rise, although not as much as in other Central American countries. Total grain output is forecast at 253,-800 tons, 9 percent greater than that of a year earlier. Of this amount, 100,800 tons will be rice, 98,000 tons will be corn, and 55,000 tons sorghum.

While an increase is predicted for both corn and sorghum production, a small amount of imports will be necessary to meet local demand.

Wheat is not grown commercially in Costa Rica; imports of wheat are continuing to trend upward and may reach 74,000 tons—all from the United States—in 1977/78 and possibly more in 1978/79. □

The only agricultural show in the United States specifically geared to meet the needs of foreign buyers of farm products, is how Herbert Stone, Executive Director of SUSTA (Southern United States Trade Association), describes the organization's upcoming Fourth International Food and Agricultural Trade Show in New Orleans, February 8-9, 1979.

"Many of the foreign importers visiting the SUSTA show will have unique problems, and SUSTA is taking unique measures to help solve some of them," Stone said. "Because SUSTA's objective is to sell U.S. farm products, and to make buying as convenient as possible, SUSTA plans to have on hand representatives of several international banks to provide immediate credit information. And the presence of export freight forwarders will enable purchasers to get accurate shipping costs and, if desired, to make preliminary transport arrangements."

Stone believes attention to such details—and the high quality of U.S. farm products—help account for the growth of the SUSTA show, which in 1979 is expected to attract 150 exhibitors and between 200-300 foreign buyers from some 40 countries. In 1976, the first SUSTA exhibit attracted 55 exhibitors and 25 foreign buyers.

"Because the SUSTA show has been received so well by overseas farm-product buyers, their attendance at the exhibit has grown by 150 percent a year and exhibitor participation by 50 percent a year," Stone said.

"Another unique project is the way in which the show is being promoted," Stone noted. "U.S. Agricultural Attachés are arranging meetings between SUSTA representatives and buyers in 30 cities in more than 27 countries. Last year 900 firms in 30 overseas cities were contacted and briefed on the SUSTA exhibit. As a result, many of these firms sent representatives who bought U.S. agricultural products."

Exhibitors at the 1978 SUSTA exhibit came from 27 States and Puerto Rico and displayed U.S. agricultural and food products in fresh, canned, frozen, and dehydrated forms. Although sales resulting from past shows are not made known by individual exhibitors, Stone believes the exhibits generate immediate agricultural-product sales amounting conservatively to between $25-$50 million a year.

Stone thinks the SUSTA exhibit's major function is serving as the opening wedge for future business.

As of late October, over 60 U.S. firms had signed to exhibit food products at the SUSTA show. Other interested firms should contact Herbert Stone, Executive Director, SUSTA, Suite 338 International Trade Mart, New Orleans, La., 70130; Tel. (504) 568-5986.

SUSTA is a foreign market development group cooperating with the Foreign Agricultural Service to promote sales of farm products from the SUSTA region. Members of SUSTA are the State Departments of Agriculture from the 15 Southern States, stretching from Maryland to Florida and from the Atlantic Coast to Oklahoma and Texas.

Farmers in this area ship about one-third of all U.S. agricultural exports, with an aggregate total of about $8 billion a year.

Two other major regional organizations also promote the sale of farm products overseas. The two groups —the Eastern U.S. Agricultural Food Export Council, Inc. (EUSAFEC) and the Mid-Atlantic International Agri-Trade Council (MIATCO)—like SUSTA, are made up of the State Departments of Agriculture in their areas.

EUSAFEC consists of the Agricultural Departments of 10 northeastern States and MIATCO of 12 midwestern States.—*Marcellus P. Murphy, staff writer, Foreign Agriculture.* □

Philippine Copra Output High, But Below 1976's

Philippine copra production in 1978 is larger than previously estimated and greater than the 1977 crop, but is somewhat below the 1976 record. It was thought earlier that reduced rainfall of the past 2 years would cut the size of the 1978 crop, but the dropoff was offset by an apparent increase in the number of bearing trees.

The smaller 1977 crop caused a marked reduction in copra exports during the first half of 1978, although those of desiccated coconut were about the same as last year's.

Unofficial estimates place total coconut area at mid-1978 at about 2.8 million hectares and copra production from 2.4-2.5 million metric tons. The area was just 3 percent greater than the 2.7 million hectares on the same date in 1977, but production was about 10 percent greater.

The number of coconut trees is believed to be about 390 million, of which 330 million are fruit-bearing.

The sizable increase in production between 1977 and 1978 is difficult to explain because rainfall during the past 2 years was substantially below normal. However, trade sources believe that the number of trees planted and the number producing coconuts had been underestimated, and a recount was responsible for the unexpected upsurge in production.

Except for copra, exports of coconut products in 1978 are forecast to increase over the 1977 levels. Shipments of coconut oil are estimated at 980,000 tons and copra meal at 535,000 tons, both totals being about 24 percent greater than the previous year's.

Shipments of desiccated coconut are expected to be only slightly larger than last year's. Shipments of copra are forecast at 415,000 tons, 27 percent less than the 1977 total.

Registered exports of copra during the first half of 1978 totaled 218,840 tons, 13 percent below those of the same period in 1977. However, shipments of coconut oil, at 463,610 tons, and copra meal, at 250,980 tons, were up sharply. Exports of desiccated coconut were up 2 percent to 44,440 tons.

During the January-June 1978 period, countries of Western Europe took 186,060 tons of Philippine copra. Japan was in No. 2 spot with purchases of 18,350 tons, followed by the Soviet Union, with 9,780 tons.

The United States was the top customer for Philippine coconut oil with purchases of 239,090 tons, Western Europe second with 86,780 tons, and the Soviet Union next with 42,210 tons. All of the copra totals were smaller than those of the same period in 1977, while those of coconut oil were larger.

Exports of copra meal during the 6-month period amounted to 250,900 tons, 26 percent above those in the same time span in 1977. Western Europe took 250,600 tons, and the balance went to Japan.

The United States took 22,780 tons, or 51 percent, of total desiccated coconut shipments during the period. A total of 12,900 tons went to Western Europe.

During the first half of 1978, slightly more than 1 million tons of copra were crushed commercially and the forecast for the year is 2.08 million tons. Coconut oil outturn is seen approaching 1.3 million tons by the end of 1978.

Domestic consumption of coconut oil is forecast at 270,000 tons in 1978, versus 264,000 tons in 1977. Of a forecast outturn of 667,000 tons of copra meal, about 140,000 tons are expected to be consumed locally. Consumption of desiccated coconut remains negligible.

Prices of coconut products during the first 6 months of 1978 were substantially below levels of last year, except for desiccated coconut. The average export price of copra during the period was down 7 percent; coconut, 8 percent; and copra meal, 5 percent. On the other hand, the price of desiccated coconut was up 5 percent.

The average export price of copra was $378.22 per metric ton during the first 6 months of 1977, compared with $351.99 in the 1978 period; coconut oil, $592.06, compared with $544.85; and desiccated coconut, $857.99, compared with $904.03. Copra cake and meal prices were $135, compared with $129. □

Based on report from Glenn Samson, U.S. Agricultural Attaché, Manila.

Korea Has Big Rice Harvest, But Smaller Wheat Crop

Korea's 1977/78 (November-October) rice production is estimated at slightly more than 6 million metric tons, a record high total that will preclude the need for any significant level of rice imports through 1978/79, according to Gerald W. Sheldon, U.S. Agricultural Attaché in Seoul.

However, wheat and barley outturns for 1977/78 (July-June) are estimated at 45,000 and 814,000 tons, respectively—about half the year-earlier levels.

Drought and relatively low returns to producers were mainly responsible for the decline in wheat output.

Barley production is expected to continue declining as Koreans continue to increase their consumption of animal products, vegetables, and rice.

Wheat imports, which are subject to quantitative restrictions, during 1977/78 are estimated at 1.8 million tons, and imports of barley at slightly more than 400 tons.

Wheat imports in 1978/79 are expected to include 200,000 tons of P.L. 480 wheat from the United States to arrive this fall and 600,000 tons to be bought under a $72 million line of CCC export credit.

The Government is trying to develop new high-yield wheat varieties, some of which are already successful in the experimental stage. However, even when the new varieties are fully developed, the Government still will face problems in achieving self-sufficiency.

Additional wheat production area could be obtained by diverting land sown to barley, and the problem of high production cost could be met by Government subsidies to producers. If the Korean wheat program is successfully carried out and the production goals are reached, part of the U.S. wheat market in Korea could be displaced.

Korea's corn production in 1977/78 (November-October) is estimated at 113,000 tons, significantly higher than the 84,000-ton crop of 1976/77.

Imports this year are estimated at 1.8 million tons, compared with 1.4 million a year earlier.

Industry sources estimate that this year's level of imports—29 percent higher than the Government's plan and 13 percent more than the feed industry's estimate—may bring the total supply of corn for 1977/78 to 2.1 million tons, 34 percent higher than the previous year's total of feedgrains.

In 1977 Korea imported almost 100 percent corn for its feedgrain requirements, except for 20,000 tons of feed wheat from Australia and 23,000 tons of sorghum from Argentina.

Korea's production target for formula feeds in 1978 is 2.5 million tons—a very conservative figure. In addition to 1.6 million tons of corn for feed, corn also is required for processing into starch, glucose, fructose, corn sugar, and other products.

The U.S. Feed Grains Council in cooperation with the U.S. Sorghum Producers Association and the Korean Government conducted a successful seminar in July 1978 for the effective use of low-tannin U.S. sorghum. Korean interest in sorghum as a feedgrain ingredient is growing.

Korea's consumption of livestock products is expected to continue increasing along with rising income. Since Korea's feedgrain output is limited by a lack of additional production area, imports of feedgrains are expected to expand rapidly to meet the rising demand that is being generated by growth of the poultry, swine, and cattle industries. □

Bangladesh To Get 800,000 Tons of U.S. Title III Wheat

The United States will sell 800,000 metric tons of wheat to Bangladesh under a P.L. 480 Title III agreement signed between the two countries in early August. The announcement of the grain transaction was made by Agriculture Secretary Bob Bergland.

The agreement ends September 30, 1980.

Title III provides for Food for Development programs utilizing credit under Title I of P.L. 480. It authorizes cancellation of the Title I debt to the extent that the commodities financed, or the local currencies received from their sales in the importing country, are utilized to carry out agreed developmental projects or policy changes in that country.

To be eligible, the projects or policy changes should be in the fields of agricultural and rural development, including voluntary family planning, health and nutrition, as well as to improve storage, transportation, and distribution of commodities.

The major purpose of the Bangladesh agreement is to help that country to stabilize foodgrain prices through an open market sales scheme. The plan would, through maintenance of adequate Government price supports, help attain food self-sufficiency by providing farmers with incentive to increase food production by adoption of modern techniques such as greater use of new high-yielding varieties, more fertilizer, and other inputs.

The Bangladesh agreement, the second made under Title III, P.L. 480—the first was in May with Bolivia—is for 3 years. It calls for the delivery of 200,000 tons of wheat the first year, 400,000 tons the second, and 200,000 tons the third.

Of the 800,000 tons of wheat—with a current market value of $96.8 million—400,000 tons will be sold in the open market in Bangladesh, 200,000 tons will be distributed to low-income rural consumers through a modified ration system, and the remainder will be held in reserve for use when needed for other programs.

Since the Government of Bangladesh agreed both to sell wheat to low-income rural consumers at a reasonable price during the "lean" season between harvests when rice prices are high, and also to support rice prices at harvest times at a level high enough to encourage farmers to produce, the program benefits both consumers and producers. □

Foreign Agriculture

Vol. XVI No. 45
November 6, 1978

Bob Bergland, Secretary of Agriculture.

Dale E. Hathaway, Assistant Secretary for International Affairs and Commodity Programs.

Thomas R. Hughes, Administrator, Foreign Agricultural Service.

Editorial Staff:
Kay Owsley Patterson, Editor
Beverly J. Horsley, Assoc. Editor; G. H. Baker; Marcellus P. Murphy; Aubrey C. Robinson; Lynn A. Krawczyk; Isabel A. Smith.

Advisory Board:
Richard A. Smith, Chairman; Richard M. Kennedy; J. Don Looper; Larry N. Marton; Jimmy D. Minyard; Turner L. Oyloe; Steven Washenko.

The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget, through June 30, 1979. Yearly subscription rate: $38.00 domestic, $48.00 foreign; single copies 80 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250

PENALTY FOR PRIVATE USE, $300
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

U.S.MAIL

First Class

FA SERIA300SBISSDUE054R 1
SERIALS PROCESSING
XEROX UNIV MICROFILMS
300 N ZEEB RD
ANN ARBOR MI 48106

Argentina's Deciduous Fruit Output Dips, But Exports Rise

Argentina's 1977/78 deciduous fruit production, hampered by hailstorms and frosts, declined nearly 6 percent from the previous season's output. But exports in five major fruit categories during the first 7 months of 1978 were above year-earlier levels. Argentina is the Southern Hemisphere's largest producer of apples, pears, peaches, and plums.

The preliminary forecast of the country's 1978/79 apple and pear crops calls for an outturn at least as large as the 1977/78 production, reports the Office of U.S. Agricultural Attaché, Buenos Aires.

The rise in Argentina's combined deciduous fruit exports so far this calendar year is attributed to larger than usual sales to the Brazilian market, greater demand from European countries owing to the drought that affected fruit crops in Europe last year, favorable export prices, and the rapid devaluation of the peso.

Argentina's 1977/78 deciduous fruit production amounted to 1,308,300 metric tons, a 5.8-percent drop from the 1976/77 output of 1,389,400 tons. By individual crops, the 1977/78 outturns, with percentage change in parentheses, were: Apples, 810,000 tons (−1); quince, 16,000 (−20); pears, 150,000 (−6); peaches, 250,000 (−12); plums, 57,000 (−27); apricots, 23,000 (−12); and cherries, 2,300 (−4).

Apple production in Rio Negro Province, which accounts for about three-fourth's of the country's total, dipped last season after registering a slight gain in 1976/77. In addition, the opening of new plants for processing apples, adverse weather that reduced fruit quality, and strong demand for apple juice concentrate in the United States resulted in a greater proportion of the harvest being used for processing.

The sharp decline in quince production stemmed mainly from unfavorable weather in Mendoza Province. Because of poor quality, the 3,600 tons produced in Rio Negro went entirely for processing.

As in the case of quince, frosts in Mendoza led to the decline in cherry production. But, of all the deciduous fruit grown in Mendoza, plums were hardest hit by bad weather as the national outturn fell 21,000 tons from that of 1976/77. Despite a 6 percent jump in peach production in Buenos Aires Province, Argentina's total harvest fell 33,000 tons as the crop was reduced by 35 percent in Mendoza.

Argentina's deciduous fruit exports during January-July 1978 totaled 15.9 million boxes (22 kilograms each), an increase of nearly 20 percent over the comparable 1977 period.

Stocks in cold storage, as of June 30, 1978, were up 3 percent for apples to 13,479,781 boxes, including 4,227,978 boxes of export quality. But, pears in storage declined 15 percent from the year-earlier level to 1,078,738 boxes, of which 678,260 boxes were suitable for export.

Brazil accounted for the major share of Argentina's deciduous fruit exports during January-July 1978 by taking 38 percent of the country's apple exports, 66 percent of the pears, 73 percent of the grapes, 91 percent of the plums, and all of the exported peaches.

During this period, exports of Argentine apples totaled 12,052,924 boxes, including 4,570,716 to Brazil; 3,283,015 to the Netherlands; and 1,859,992 to West Germany while exports of pears were 3,067,013 boxes, including 2,012,653 to Brazil.

Exports of peaches zoomed from 9,700 boxes to 274,525 boxes—all to Brazil. Exports of plums and grapes totaled 195,172 boxes (177,062 to Brazil) and 269,949 boxes (197,739 to Brazil). □

World Trade Opens Outlook Conference

Opening sessions of USDA's 1979 Food and Agricultural Outlook Conference will focus on current thinking and developments in international trade and policy. Conference dates are November 13-16; registration will be in USDA's South Building, 14th St. and Independence Ave., S.W., Washington, D.C.

Conference topics will include both agricultural and overall trade concerns for the United States.

Outlook Conference speakers also will relate the U.S. economic outlook to world developments, and a special panel will discuss "Will the World Move Toward Freer Trade or Managed Trade?" □